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Atari Online News, Etc. A-ONE Online Magazine Dana P. Jacobson, Publisher/Managing Editor Joseph Mirando, Managing Editor Rob Mahlert, Associate Editor

Atari Online News, Etc. Staff

Dana P. Jacobson -- Editor Joe Mirando -- "People Are Talking" Michael Burkley -- "Unabashed Atariophile" Albert Dayes -- "CC: Classic Chips" Rob Mahlert -- Web site Thomas J. Andrews -- "Keeper of the Flame"

With Contributions by:

Fred Horvat

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->From the Editor's Keyboard 

"Saying it like it is!"

Although it's still officially three weeks away, the summer is over after this Labor Day weekend! I can't even remember what happened during this past Spring season, much less this summer. Well, I guess once I see those yellow school buses rolling through the neighborhood, it will be "official".

So, with the long holiday in mind, let's try to forget the seriousness going on in the world today, and relax! Get those barbecue grills going full-tilt! Fill up the coolers with ice, and chill those favorite summer drinks! Enjoy the long weekend with friends and family. However, no matter how you want to celebrate, please do so responsibly!

Until next time...

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->In This Week's Gaming Section - Xbox One Can Also Download Games Remotely! Nintendo Cuts Wii U Price! Nintendo Announces 2DS! And more!

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->A-ONE's Game Console Industry News - The Latest Gaming News! 

Microsoft Confirms Xbox One Can Also Download Games Remotely

Not to be outdone by Sony, Xbox Corporate Vice President Marc Whitten confirmed on Friday that the Xbox One will be able to remotely download games purchased through smartphones and other devices on the Xbox mobile companion app, just like the PlayStation 4. Earlier this month Microsoft also made moves to allow indie developers more freedom to develop for

their home console, something Sony has been touting since announcement the PS4. As we approach the launch dates for the new consoles, their feature lists are closer than ever, especially after Microsoft was pressured to backtrack on some initial announcements that the gaming community found objectionable. Microsoft s Xbox One will cost \$499.99 and its release date is still unknown.

Nintendo Cuts Wii U Price, Plans Lower-priced Device for Holidays

Nintendo Co Ltd plans to offer a new handheld gaming device and a \$50 discount on its most expensive Wii U console in North America and Europe, to compete with rivals Microsoft Corp and Sony Corp as they prepare to release new hardware.

Nintendo said on Wednesday it will start selling the product, called 2DS, on October 12, priced at \$129.99, which is \$40 and \$70 less than its two 3DS devices. The new gaming device is a lower-resolution version of the popular 3DS and will play DS games and 3DS games in 2D graphics.

The new product, which will come in red and blue and will have two screens and a camera, is about as big as a 3DS laid out flat, but without the foldable clamshell design of the 3DS.

Known for games with characters like "Mario" and "Zelda," Nintendo has faced stiff competition from inexpensive or free mobile games on tablets and smartphones. Games on iOS and Android devices are eating into the market share of consoles and handheld devices.

With the 2DS, Nintendo hopes to attract new players who have not been able to afford costlier versions of its 3DS, priced at \$169.99 and \$199.99, Reggie Fils-Aime, president of Nintendo of America said in an interview earlier this week.

Some industry analysts have criticized Nintendo for limiting its games for use on its own systems and not taking advantage of the rapid growth of games on iOS and Android mobile devices. Nintendo executives have said letting popular game characters like "Mario" roam on mobile devices would impair the company's hardware business in the long term.

By introducing the 2DS, Nintendo is going after "not just consumers who have necessarily a phone or tablet" and want a taste of Nintendo's game fare, "but all consumers, especially younger consumers," Fils-Aime said.

The 2DS release will coincide with the launch of kid-friendly role-playing game "Pokemon X and Y."

"When you look at software sales, the 3DS isn't competing with the Android or iOS platform in terms of pure games sales," said Peer Schneider, publisher of videogame website IGN.com.

Schneider said he was surprised at Nintendo's decision to introduce another product in the DS line because the 3DS hardware and first-party titles on that handheld are selling well.

From the launch of Wii U last November to June 30, Nintendo has sold 3.6 million units of the console, compared to 9.3 million units of the original Wii sold over the same amount of time.

The game maker now aims to sell 9 million consoles by next March by offering new games and reducing its price. To get there, the company plans to sell its highest-end 32GB version for \$299.99, down from \$349.99, starting September 20, Fils-Aime said.

But the eight month-old Wii U could face stiff competition from Sony's PlayStation 4 at \$399 and Microsoft's Xbox One at \$499, both hitting store shelves in November. They come with cloud technology that lets players stream games from remote servers, and carry a host of exclusive games.

Nintendo will have a hard time explaining to users how its Wii U is better or different from the Xbox One and PlayStation 4, Schneider said.

So it was a good move to drop the price, he said.

Nintendo has also timed the release of games like "The Legend of Zelda: The Wind Waker HD" and "Super Mario 3D World" around the holiday season to reinforce its Wii U console, Fils-Aime said. Titles from other publishers include "Call Of Duty: Ghosts" by Activision Blizzard and "Assassin's Creed IV:Black Flag" by Ubisoft that will be released in coming months.

"It's going to be these launches that are going to drive the business forward, and we're certainly going to do a lot of marketing activity behind the price decline," Fils-Aime said.

## Nintendo Announces 2DS

Nintendo announced the 2DS, a new entry-level handheld system. The 2DS will be available in North America for \$129.99 on October 12th (the same day as Pokemon X and Y) and features a slate-like design rather than the clamshell seen on DS and 3DS models. The 2DS will be available in UK/Europe (estimated £109.99) and Australia/NZ (AUD\$149.95/NZD\$179.95) on October 12th also.

The 2DS is fully compatible with all 3DS and DS games but does not include the ability to display games in 3D. It still features all the functionality of 3DS (WiFi, local multiplayer, etc.) and can be put to sleep using a slider that replicates closing the clamshell on a standard 3DS. WiFi can still be turned off, though it s done via controls in the software rather than with a physical switch.

Imagine a standard 3DS laid all the way flat, and with the depth slider all the way down, Nintendo of America president Reggie Fils-Aime explained to IGN. Everything else is there in the system.

The 2DS will launch in red and blue models to start and will be sold alongside the standard 3DS (still available for \$169.99) and 3DS XL (\$199.99). It will include a 4GB SD card and uses the same power source as 3DS and DSi. It also includes two cameras on the back side, so AR games still function and players can still take 3D photos - they simply can t be displayed on the 2DS, but are still viewable in full 3D if transferred to 3DS. The 2DS only includes one speaker, which plays mono sound, but features full stereo via its headphone jack.

According to Fils-Aime, the idea for the 2DS came from wanting to appeal to younger consumers, as the standard 3DS is aimed at players age seven

and up.

Imagine a standard 3DS laid all the way flat, and with the depth slider all the way down. Everything else is there in the system."

We re always thinking about what we can do that s new, unique, different, and brings more people into this category that we love, Fils-Aime said. And so with the Nintendo 3DS, we were clear to parents that, hey, we recommend that your children be seven and older to utilize this device. So clearly that creates an opportunity for five-year-olds, six-year-olds, that first-time handheld gaming consumer."

"We ve always been thinking about, 'how do we approach that as one target?'" he continued. "And that certainly helped spur the idea of the Nintendo 2DS. Let s have the consumer have access to all of these great games Mario Kart 7, Animal Crossing but do it in a 2D capability with a device that has a dramatically lower price point. That s just an example of how we re always thinking about, how do we get more people playing games? How do we get more people playing Nintendo games?

# Xbox One Reportedly Hit by Production Woes

The Xbox One might a little harder to find than expected when it launches later this year. China s Economic Daily News reports that Microsoft is having yield issues with Xbox One components and that it may cut its initial planned shipments of the console from 7 million to 6.2 million. We already know that Microsoft has delayed launching the Xbox One in eight different countries so news of production issues isn t too much of a shock. The Xbox One features an eight-core 1.6GHz processor, 8GB of RAM, an 800MHz graphics processor and a completely revamped Kinect sensor. The console will go on sale in November starting at \$500.

# Activision Sets Launch Date for \$2.5 Billion Credit

Video game publisher Activision Blizzard is expected to launch September 4 its new \$2.5 billion credit backing the company's plan to spin itself off from Vivendi and buy back shares, loan investors told Thomson Reuters LPC.

The loan package is expected to include a \$2.25 billion term loan B and a \$250 million revolving credit facility.

The company has received commitments from Bank of America Merrill Lynch and JP Morgan for the bank financing. Activision also plans to issue \$1 billion of secured notes and \$1.5 billion of unsecured notes, according to an August 1 SEC filing.

Activision plans to fund the purchase of 429 million of its shares from Vivendi with a combination of \$1.2 billion in cash on hand and \$4.75 billion in debt financing, according to the filing. The transaction is expected to close by the end of September.

Activision is buying the shares back for \$5.83 billion, or \$13.60 per share.

Separately, Activision CEO Bobby Kotick and Co-Chairman Brian Kelly will purchase 172 million shares for \$2.34 billion.

After the transaction, Vivendi will no longer be the majority shareholder, but will retain a stake of 83 million shares, or approximately 12 percent.

Activision Blizzard, Inc. is a worldwide online, personal computer, video game console, handheld, and mobile game publisher.

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A-ONE's Headline News
The Latest in Computer Technology News
Compiled by: Dana P. Jacobson

Justice Department Talks with Microsoft and Google Stall

The U.S. Department of Justice's talks with Microsoft Corp and Google Inc have hit a wall as the government pushes back at the tech companies' demand for the ability to disclose the now-secret data requests they receive.

Microsoft's general counsel, Brad Smith, on Friday described as a failure the outcome of the companies' recent negotiations with the government over the disclosure of Foreign Intelligence Surveillance Act (FISA) court orders the companies receive.

"While we appreciate the good faith and earnest efforts by the capable government lawyers with whom we negotiated, we are disappointed that these negotiations ended in failure," he said.

The director of National Intelligence, James Clapper, on Thursday pledged to disclose aggregate numbers of FISA orders issued to tech and telecom companies, but the intelligence community has not agreed to allow particular companies to make such disclosures.

"FISA and national security letters are an important part of our effort to keep the nation and its citizens safe, and disclosing more detailed information about how they are used and to whom they are directed can obviously help our enemies avoid detection," Clapper said in a statement.

The tech sector has been pushing for greater transparency of government data requests as companies seek to shake off the concerns about their involvement in vast secret U.S. surveillance programs revealed by former spy contractor Edward Snowden.

"Google's reputation and business has been harmed by the false or misleading reports in the media, and Google's users are concerned by the allegations. Google must respond to such claims with more than generalities," the company said in a June motion filed with the FISA court, alongside a similar Microsoft filing.

The Department of Justice on Friday was due to file in a secret surveillance court its response to Microsoft and Google's motions filed in the wake of Snowden's leaks.

Filings in the court are classified, and the department's response was not published on the court's website late on Friday. A department spokesperson declined comment.

"We are deeply disappointed that despite months of negotiations and the efforts of many companies, the government has not yet permitted our industry to release more detailed and granular information about those requests," the general counsel for Facebook Inc, Colin Stretch, said in a statement.

The tech companies and privacy advocates tepidly welcomed Clapper's pledge for annual reports on numbers of data requests to Internet and phone companies, but expressed disappointment at stopping short of more detailed breakdowns.

"The new data that the government plans to publish is not nearly enough to justify the government's continued attempts to gag companies like Google and Microsoft and prevent them from engaging in meaningful transparency reporting of their own," said Kevin Bankston, director of free expression at privacy group Center for Democracy and Technology.

A Google spokesperson called Clapper's announcement "a step in the right direction," while adding, "There is still too much secrecy around these requests and that more openness is needed."

Facebook: Governments Demanded Data on 38K Users

Government agents in 74 countries demanded information on about 38,000 Facebook users in the first half of this year, with about half the orders coming from authorities in the United States, the company said Tuesday.

The social-networking giant is the latest technology company to release figures on how often governments seek information about its customers. Microsoft and Google have done the same.

As with the other companies, it's hard to discern much from Facebook's data, besides the fact that, as users around the globe flocked to the world's largest social network, police and intelligence agencies followed.

Facebook and Twitter have become organizing platforms for activists and, as such, have become targets for governments. During anti-government protests in Turkey in May and June, Turkish Prime Minister Recep Tayyip Erdogan called social media "the worst menace to society."

At the time, Facebook denied it provided information about protest organizers to the Turkish government.

Data released Tuesday show authorities in Turkey submitted 96 requests covering 173 users. Facebook said it provided some information in about 45 of those cases, but there's no information on what was turned over and why.

"We fight many of these requests, pushing back when we find legal deficiencies and narrowing the scope of overly broad or vague requests," Colin Stretch, Facebook's general counsel company said in a blog post. "When we are required to comply with a particular request, we frequently share only basic user information, such as name."

Facebook spokeswoman Sarah Feinberg said the company stands by its assertions that it gave no information regarding the Turkey protests.

"The data included in the report related to Turkey is about child endangerment and emergency law enforcement requests," she said.

Facebook and other technology companies have been criticized for helping the National Security Agency secretly collect data on customers. Federal law gives government the authority to demand data without specific warrants, and while companies can fight requests in secret court hearings, it's an uphill battle.

Facebook turned over some data in response to about 60 percent of those requests.

It's not clear from the Facebook data how many of the roughly 26,000 government requests on 38,000 users were for law-enforcement purposes and how many were for intelligence gathering.

Technology and government officials have said criminal investigations are far more common than national security matters as a justification for demanding information from companies.

The numbers are imprecise because the federal government forbids companies from revealing how many times they've been ordered to turn over information about their customers. Facebook released only a range of figures for the United States.

The company said it planned to start releasing these figures regularly.

## New York Times Website Was Likely Hacked

The website of The New York Times experienced another outage on Tuesday afternoon, likely caused by hackers, the company said.

New York Times Co spokeswoman Eileen Murphy tweeted on Tuesday that the "issue is most likely the result of a malicious external attack," based on an initial assessment.

This is the second time the Times has experienced problems with its website in two weeks. On August 14, the site was down for several hours, an outage likely related to a scheduled maintenance update that occurred within seconds of the website's going down.

Several media organization have been attacked by hackers in recent months. Also in August, hackers promoting the Syrian Electronic Army simultaneously targeted websites belonging to CNN, Time and the Washington Post by breaching a third party service used by those sites.

Dow Jones Chief Executive Lex Fenwick tweeted on Tuesday that The Wall

Street Journal's website is "free to all for a few hours," a poke at the Journal's crosstown rival.

# Facebook Spam Estimated To Be A \$200 Million Industry

The people on Facebook who tell you how their friend made \$85,000 a year working from home are doing quite well for themselves. The Guardian reports that a team of researchers in Italy estimated that Facebook spam generates around \$202 million a year in annual revenue and that spammers get paid between \$13 to \$58 per post depending on the number of subscribers a particular page has. While many of us find Facebook spammers annoying, the spammers themselves actually told the researchers that Facebook tolerates their presence because they generate more hits for Facebook pages.

Facebook doesn t ban us, simply because we generate the content on Facebook itself, one spammer explained. Everyday I materialize funny, and interesting content full of phrases and so forth that is shared and liked by thousands of users. Without the fan pages Facebook would be an empty place. Tell me how many links do you see shared by your friends on your timeline everyday? You see the answer is simple.

Facebook, of course, denies that it tolerates spammers and says that it s always working on new ways to limit the amount of spam posted onto fan pages.

Protecting the people who use Facebook is a top priority for us, and we have developed a number of automated systems to identify potentially harmful links and stop them from spreading, a company spokesperson told The Guardian. Those systems quickly spotted these links, and we are working to clear them from the site now We will keep improving our systems to ensure that people continue to have a safe experience on Facebook.

## New Zealand Bans Software Patents

New Zealand has finally passed a new Patents Bill that will effectively outlaw software patents after five years of debate, delay, and intense lobbying from multinational software vendors.

Aptly named Commerce Minister Craig Foss welcomed the modernisation of the patents law, saying it marked a "significant step towards driving innovation in New Zealand".

"By clarifying the definition of what can be patented, we are giving New Zealand businesses more flexibility to adapt and improve existing inventions, while continuing to protect genuine innovations," Foss said.

The nearly unanimous passage of the Bill was also greeted by Institute of IT Professionals (IITP) chief executive Paul Matthews, who congratulated Foss for listening to the IT industry and ensuring that software patents were excluded.

Matthews said it was a breakthrough day "where old law met modern

technology and came out on the side of New Zealand's software innovators".

The Patents Bill was first drafted in 2008. In 2010, the Commerce Select Committee recommended a total ban on software patents. However, that stance was overturned with the introduction of a Supplementary Order Paper (SOP) in August last year, where the removal of software patents was reversed.

An IITP poll of members at the time showed that 94 percent of those with a view were in favour of banning software patents.

"The patents system doesn't work for software, because it is almost impossible for genuine technology companies to create new software without breaching some of the hundreds of thousands of software patents that exist, often for very obvious work," Matthews said.

"Today's historic legislation will support our innovative technology industry, and sends a clear message to the rest of the world that New Zealand won't tolerate the vexatious practice of 'patent trolls'."

#### Lenovo PCs Now Come with Pokki!

We re excited to announce that the #1 PC maker in the world, Lenovo, will be shipping Pokki on new Windows 8 devices worldwide! In other words, you ll soon be able to buy a brand new Lenovo laptop or desktop with our full Pokki software suite integrated and ready to use out-of-the-box!

Everything our hard working Pokki squirrel creates from the Start menu to the modern desktop apps, to the app store and the new game arcade is all about making the PC experience better for users, as well as helping developers get their apps in front of the right users.

We started SweetLabs with the dream of building the world s largest app distribution platform connecting the right apps with the right users. While developers continue to fight for attention and distribution in the crowded iOS, Android, and Facebook channels, we ve unlocked a massive, new channel enabling the opportunity to recommend and promote apps on brand new Lenovo PCs.

Along with the partnership we re announcing today, we are also expanding the scope of Pokki. Our app store and app recommendation platform now supports additional app types, starting with traditional Windows desktop apps. There are 4 million desktop apps out there and we want to make sure that we can help users access and discover all their favorite apps, whether they are web apps or desktop apps.

Also, we have internationalized Pokki to support 13 languages i.e. Chinese (simplified), Danish, English, Finnish, French, German, Italian, Norwegian, Spanish (Spain), Spanish (Latin America), Swedish, Portuguese (Brazil), and Russian. Even though Pokki has only known one language (English) up until now, we know that for the majority of our loyal fans and users, English isn t your first language so we re adding additional language support as quickly as we can.

In summary, we are proud that 2 out of the top 4 PC manufacturers are now shipping Pokki and the app distribution opportunity that opens up for

developers. But we are only getting started. If you are a developer who is interested in getting your app in front of tens of millions of users, please visit our developer site to learn more about how we can help.

We thank all of our users for the ongoing support and, as always, turn to your feedback and commentary as we continue to build out our platform.

## New Microsoft CEO Faces Big Choices Post-Ballmer

The next CEO of Microsoft Corp. has one big decision to make: press on with retiring chief executive Steve Ballmer's ambitious plan to transform the software giant into a broad-based devices and services company, or jettison that idea and rally resources around its proven strength in business software.

Ballmer's grand design - unveiled just six weeks before Friday's surprise announcement that he would retire within a year - calls for 'One Microsoft' to pull together and forge a future based on hardware and cloud-based services.

But poor sales of the new Surface tablet, on top of Microsoft's years-long failure to make money out of online search or smartphones, have cast doubt on that approach.

For years, investors have called on Microsoft to redirect cash spent on money-losing or peripheral projects to shareholders, while limiting its focus to the vastly profitable Windows, Office and server franchises.

Activist investor ValueAct Capital Management LP, whose recent lobbying of the company may have played a role in Ballmer's decision to retire earlier than he planned, is thought to favor such an approach.

In the last two years alone, Microsoft has lost almost \$3 billion on its Bing search engine and other Internet projects, not counting a \$6 billion write-off for its failed purchase of online advertising agency aQuantive. It took a \$900 million charge for its poor-selling Surface tablet last quarter.

For now at least, Microsoft seems intent on pursuing Ballmer's vision. John Thompson, Microsoft's lead independent director who is also heading the committee to appoint a new CEO, said on Friday the board is "committed" to Ballmer's transformation plan.

The eventual choice of that committee - which has given itself a year to do its work - should provide a clue to how committed the board really is, and how open to outside advice.

"Taking an internal candidate like Satya Nadella - the guy nurturing servers - or some of the other people on the Windows team, that makes sense to keep a steady hand through this reorganization and strategic shift," said Norman Young, an analyst at Morningstar.

"But a strong case could be made that the company needs a breath of fresh air, someone who can execute on the strategy but also bring an outsider perspective," he added.

That could mean selling the Xbox and abandoning Bing, or cutting short

efforts to make tablets or other computers.

Throughout the last decade, as Microsoft's share price has remained flat, shareholders have called for bigger dividends and share buybacks to beef up their returns.

Microsoft obliged with a one-time \$3 a share special dividend in 2004 and has trebled its quarterly dividend to 23 cents since then.

But shareholders still want a bigger slice of Microsoft's \$77 billion cash hoard, \$70 billion of which is held overseas.

Rick Sherlund, an analyst at Nomura, believes that if the retirement of Ballmer means the company is listening to ValueAct and its supporters, then action on the dividend and share buyback could perhaps happen as early as September 19, when Microsoft hosts its annual get-together with analysts and is expected announce its latest dividend.

"The momentum of shareholder activism is well underway and likely to benefit shareholders even though the process of how this unfolds is not certain," said Sherlund.

The lackluster performance of Microsoft's stock has long been the stick that shareholders beat Ballmer with, and it has looked all the worse compared with the staggering gains made by Apple Inc under Steve Jobs.

Yet Ballmer - who owns just under 4 percent of the company - never showed any doubts about his intention to stay in the job. His old friend and ally Bill Gates, who still owns 4.8 percent of the company, never wavered in his public support.

The first public signs of dissent on Microsoft's board came in 2010, when Ballmer's bonus was trimmed explicitly for the flop of the infamous Kin 'social' phone and a failure to match Apple's iPad, according to regulatory filings.

It was around that time, though not necessarily connected, that the board started considering how it would manage a succession, according to a source familiar with the matter. Ballmer and the board began talking to both internal and external candidates.

About 18 months to two years ago, Ballmer started thinking seriously about a succession plan, the internal source said.

The time since was not marked with glory for Ballmer, with a tepid launch of Windows 8, the disappointment of the Surface tablet, and a \$731 million fine by European regulators for forgetting to offer a choice of browsers to Windows users.

Two to three months ago, Ballmer started thinking seriously about his retirement and concluded it was the "right time to start the process," the source said. That was shortly after ValueAct took a \$2 billion stake in Microsoft.

July's gloomy earnings, which offered no immediate hope of quick improvement, may have sealed the decision. Ballmer said Friday he made the choice in the few days prior, and informed the board on Wednesday. Whether the board urged Ballmer to leave is not known.

The impending exit of Ballmer leaves a difficult and perhaps impossible

choice to his successor - pushing a large and insular behemoth through a highly risky transformation to the mobile world, or clinging to an island of profitable but PC-centric businesses.

"I'm not sure there is someone who can do Steve's (Ballmer's) job 'better'. It's an incredibly difficult job, perhaps intractable," said Brad Silverberg, a former senior Windows executive and co-founder of Seattle venture capital firm Ignition Partners. "Perhaps the way the job is defined needs to change, and this is the harbinger of bigger changes to come."

## Outlook for PC Shipments Worsens

The outlook for the struggling personal computer industry is worse than was previously believed, according to market research firm IDC, which on Thursday cut its 2013 forecast for global PC shipments for at least the second time.

Worldwide shipments of PCs are likely to fall 9.7 percent this year as consumers continue to favor mobile gadgets, IDC said in a report.

That is much worse than IDC's prediction in March that PC shipments would fall 1.3 percent this year and below its forecast in May of an 7.8 percent annual drop.

The growing popularity of tablets and smartphones has thrown the PC industry into its longest downturn on record and IDC said it expects PC shipments to keep falling at least through next year.

China and other developing economies had been a source of healthy demand for PCs in the face of falling sales in the United States and Europe. But shipments in those countries are now set to decline in 2013 even more than in wealthy regions, IDC said.

Also on Thursday, IDC nudged lower its forecast for 2013 tablets, pointing to the growing use of smartphones with large screens as well as an expected demand for new categories of wearable devices such as smart watches.

Global tablet shipments are now expected to grow 57.7 percent from last year to 227.4 million units, instead of 229.3 million units, IDC said.

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